

Decision No. 44142

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)

KERR GIFFORD & CO. INC. OF)
CALIFORNIA)

for authority to issue stock and to)
lease and acquire certain public)
utility warehouse properties)

and of)

THE GRANGERS BUSINESS ASSOCIATION)
OF DIXON)

for authority to sell certain per-)
sonal property and to lease facilities)
comprising its public utility warehouse)
business at Dixon, California, to Kerr)
Gifford & Co. Inc. of California.)
-----)

Application
No. 31329

O P I N I O N

This is an application made jointly by The Grangers Business Association of Dixon, hereinafter referred to as Grangers, and by Kerr Gifford & Co. Inc. of California, hereinafter referred to as Kerr Gifford, for an order of the Commission authorizing Grangers to lease and sell warehouse properties and equipment to Kerr Gifford and authorizing Kerr Gifford to issue and sell 1400 shares of capital stock of the aggregate par value of \$35,000.

Grangers is a California corporation, organized on or about April 17, 1875. For many years it has owned and operated warehouse facilities in Dixon for the storage of commodities, principally grain. For the year ending May 31, 1947, it reported warehouse revenues of \$22,785.73, for the year ending May 31, 1948,

\$20,260.38 and for the year ending May 31, 1949, \$20,404.81. In Exhibit F attached to the present application, Grangers reports its assets and liabilities as follows:

Assets

Cash on hand and in bank		\$18,228.33
Accounts receivable		1.00
Stock and bonds		946.96
Fixed capital -		
Land	\$13,500.00	
Buildings	41,553.00	
Equipment	8,095.07	
Furniture and fixtures	<u>1,409.22</u>	
Total fixed capital		<u>64,557.29</u>
Total		<u>\$83,733.58</u>

Liabilities

Reserve for depreciation	\$26,354.51
Capital stock	25,000.00
Surplus	<u>32,379.07</u>
Total	<u>\$83,733.58</u>

The outstanding stock consists of 1000 shares of the par value of \$25 each. It is reported that a majority of the issued and outstanding stock is owned by members of a few families who desire to be relieved of the obligation of conducting a public utility business and therefore propose to lease the real property and buildings and to sell certain equipment to Kerr Gifford.

Kerr Gifford is a California corporation organized on or about April 17, 1950, for the purpose of leasing and operating, as a public utility, the warehouse facilities of Grangers at Dixon and a grain elevator now under construction by the Sacramento-Yolo Port District at West Sacramento. It was organized as a California corporation at the instance of Kerr Gifford & Co. Inc., an Oregon corporation which for many years has been engaged in the business of buying and selling grain in California, Oregon, Washington and

British Columbia. Incidental to such activities, the Oregon corporation operates grain warehouses in Oregon, Washington and British Columbia and it now desires to carry on similar operations in California through Kerr Gifford, applicant herein. It will acquire and hold the shares of stock of Kerr Gifford if that company is authorized to issue the same.

The Oregon corporation has leased from Sacramento-Yolo Port District a grain elevator now under construction with a probable capacity upon completion of 500,000 bushels. The indenture of lease, dated September 19, 1949, filed as Exhibit D, provides for a term of thirty years at a monthly rental of \$3,229.16 plus additional volume rentals calculated upon the tonnage of all commodities transported from the elevator. The Oregon corporation proposes to assign the lease to the California corporation.

The proposed indenture of lease between Grangers and Kerr Gifford, covering the Dixon properties, a copy of which proposed indenture is filed as Exhibit B, provides for a term of ten years, subject to renewal for a period of five years at the option of the lessee, at an annual rental of \$6,000. Kerr Gifford proposes to purchase, for \$1,500, certain operating equipment owned by Grangers, consisting of trucks, loaders, scales and other items of warehouse and office furniture as set forth more fully in the proposed bill of sale filed as Exhibit C.

To finance itself, Kerr Gifford proposes to issue and sell \$35,000 par value of its stock to the Oregon corporation. It reports that it needs approximately \$10,000 for operating equipment, including the \$1,500 to be paid Grangers, and \$25,000 for working capital. In this connection it estimates that within a period of

three months its warehouse business will be producing revenues sufficient to meet current expenses but that during the interim it will need funds from outside sources to maintain its service.

A review of the application indicates that the proposed transactions will not be adverse to the public interest and that an order accordingly should be entered.

O R D E R

The Commission having considered the above entitled matter and being of the opinion that a public hearing thereon is not necessary, that the application should be granted, as herein provided, that the money, property or labor to be procured or paid for through the issue and sale of 1400 shares of stock by Kerr Gifford & Co. Inc. of California is reasonably required for the purposes specified herein, and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; therefore,

IT IS HEREBY ORDERED as follows:

1. The Grangers Business Association of Dixon and Kerr Gifford & Co., Inc. of California, after the effective date hereof and on or before September 30, 1950, may execute a lease substantially in the same form as the lease filed in this proceeding as Exhibit B.
2. The Grangers Business Association of Dixon, after the effective date hereof and on or before September 30, 1950, may transfer the equipment set forth in Exhibit C filed in this proceeding to Kerr Gifford & Co. Inc. of California.

3. Kerr Gifford & Co. Inc. of California, after the effective date hereof and on or before September 30, 1950, may issue and sell 1400 shares of its capital stock, at par, and use the proceeds to pay for warehouse equipment, including the equipment to be purchased from The Grangers Business Association of Dixon, and to provide working capital to maintain and improve its service.

4. Applicants, on not less than five (5) days' notice to the Commission and to the public, shall supplement or reissue tariffs on file with the Commission insofar as they name rates, rules and regulations governing warehouse operations of The Grangers Business Association of Dixon to show that it has withdrawn from these operations and that Kerr Gifford & Co. Inc. of California has adopted or established said rates, rules and regulations as its own, such tariff filings made pursuant to this order in all respects to comply with the regulations governing the construction and filing of warehouse tariffs set forth in the Commission's General Order No. 61.

5. Kerr Gifford & Co. Inc. of California shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, insofar as applicable, is made a part of this order.

6. The authority herein granted will become effective twenty (20) days after the date hereof.

Dated at San Francisco, California, this 9th day of May, 1950.

R. F. Zimmerman
Justice J. C. G. G. G.
W. J. G. G. G.
W. J. G. G. G.
W. J. G. G. G.
Commissioners